

# MEMO

**DATE:** February 14, 2005

**TO:** Energy and Environment Committee

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**SUBJECT:** Energy Efficiency Financing

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## **BACKGROUND:**

The California Energy Commission has an Energy Efficiency Financing Program that provides low-interest financing for schools, hospitals and local governments for feasibility studies and the installation of energy saving measures.

Public schools, hospitals, cities, counties, special districts and public care institutions are eligible for the loans. Eligible projects include:

- Energy audits
- Feasibility studies
- Lighting
- Motors or variable frequency drives and pumps
- Building insulation
- Heating and air conditioning modifications
- Automated energy management systems
- Energy generation, including renewable energy projects
- Streetlights/LED traffic signals

There is no minimum loan amount, but the maximum is \$1 million, with a total of \$5 million available. Energy Efficiency projects must be technically and economically feasible. Projects must have a simple payback of 9.8 years or less based on energy cost savings. Projects must meet the following criteria:

- Loans for energy projects must be repaid from savings within 15 years, including principle and interest
- Loans to be used only for energy audit studies must be repaid within two years
- The loan term cannot exceed the useful life of loan-funded equipment
- Projects can start once the application is on file with the Energy Commission. Only project-related costs with invoices dated after loans are officially awarded by the Energy Commission at a Business Meeting are eligible to be reimbursed from loan funds. If the application is rejected for any reason, the Energy commission is not responsible for reimbursement of any costs.

Funds are available on a reimbursement basis with a current interest rate of 4.5 percent. The final 10 percent of funds will be retained until project completion. More detailed information can be found at (916) 654-4147, pubprog@energy.state.ca.us or at <http://www.energy.ca.gov/efficiency/financing/>

